OPTION 1C
FUEL EFFICIENT FLEETS

An opportunity may exist to reduce gasoline fuel demand by examining the vehicle purchasing policy of public and private fleets. Fleets of light-duty vehicles may annually purchase a large fraction of the new vehicles sold each year. If vehicle operators were to emphasize the purchase of best-in-class fuel economy vehicles, the state could reduce petroleum demand without compromising any of the transportation service attributes of these fleets.

To estimate the range of fuel savings from a best-in-class purchasing policy, the existing fleets must be characterized by their current purchasing policy, annual fuel consumption, vehicle classes in each fleet, vehicle population and trends and on-road fuel economy for their vehicles. However, there is no centralized data base for fleets where this information is readily available. Acquiring such information would require an extensive fleet survey and subsequent analysis. Although scenarios might be evaluated to bound the amount of fuel reduction that may be possible, the lack of usable information on fleet vehicle populations and annual fuel consumption by fleets makes any estimate of possible fuel reduction highly uncertain.

The discussion that follows provides background information on public and private fleets and describes some recent actions being taken to elevate fuel consumption as a fleet performance criterion.

Public-Fleet Fuel Efficiency

The State of California's fleet, like many other large state and federal fleets, has worked consistently to improve the fuel-efficiency and environmental profile of its fleet over the past five years. The fleet has;

- ordered the sale of inefficient and under-utilized vehicles,
- established non-petroleum alternative fueling facilities,
- utilized recycled oil,
- improved the environmental standards of the various fleet maintenance shops,
- been investigating potential fuel efficiency improvements from low-rolling resistance tires, and
- incorporated a fleet lifecycle evaluation (including fuel economy, emission, and capital) for the selection of fleet vehicles for purchase under the state bid vehicle contract.

Several of these actions are considered to be part of the "new frontier" of fleet fuel efficiency, and could well have wide-ranging effects for other public fleets, private fleets, and the general public. Public fleets are interested in providing the types of vehicles that are essentially least-cost for the particular service for which they are

needed. For example, the California fleet now evaluates each and every agency and Legislature request for a Sports Utility Vehicle (SUV), to determine whether the SUV is essential or whether a van or two-wheel drive or smaller (better fuel economy) vehicle adequately fulfills the specific vehicle needs.

The recently enacted vehicle procurement method was unveiled in September 2004, and will have an effect far beyond the state fleet. The new method requests that vehicle manufacturers provide all specification information as before (including fuel economy, tailpipe emissions rating, and capital cost) but this past year the automakers were informed that their bids would be judged using evaluative criteria; fuel economy, tailpipe emissions and capital cost. This is the first attempt at a modified “life-cycle cost” evaluation for the vehicles, leading to “best-in-class” selections in the vehicle size categories. Important information considered in the fleet vehicle contract bid includes;

- expected years or mileage life in the fleet,
- maintenance costs,
- expected fuel usage and cost,
- cumulative emissions over the fleet life of the vehicle and,
- potential resale value for the vehicle when surveyed out for auction after its useful fleet life.

The new procurement method will undoubtedly save a significant amount of fuel for the state fleet now and into the future. The impact this new method can have on other public fleets is potentially larger because these other public fleets often use the state vehicle contract bid to procure their fleet vehicles. This sound public policy of reasoned, informed, cost-effective and environmentally sound vehicle procurement will influence vehicle purchases, transportation fuel use and vehicle manufacturer’s offerings, each and every year, into the future.

Private Fleet Fuel Efficiency

Private fleet fuel efficiency has not kept pace with that of the public sector largely due to the diverse types, needs, geographic requirements, and management of those fleets. Many of the private fleets participate in regional or national fleet associations and therefore stay well informed regarding advanced fleet management techniques, developments in fuel-efficiency, and vehicle maintenance practices. Due to their commerce-driven mission, private fleets are not typically on the cutting edge for fuel-efficiency improvements; though this could soon change with the higher plateau of petroleum transportation fuel pricing we are now experiencing reshapes the fuel-efficiency needs of these fleets in the future.

Private fleet management has made great strides with regard to overall fleet maintenance and lowering operational costs on the whole, but measurable gains in fuel efficiency of the private fleet vehicle is now, and in the future will be, influenced

primarily by national policy for corporate average fuel economy (CAFE) standards and the vehicle offerings resulting from it.